

Safe Harbor Documents Checklist

Thank you for inquiring about the Safe Harbor Program. The Safe Harbor Program is a Pilot Program developed by the Federal Highway Administration (FHWA) to help firms become compliant with the Federal Acquisition Regulations (FAR) Cost Principles. This program gives firms the opportunity to contract with the Washington State Department of Transportation (WSDOT), while providing time for the firms to establish an accounting system that is compliant with the requirements of 48 Code of Federal Regulations (CFR) Part 31.

The Safe Harbor Program is available to firms new to government contracting that have never had a FAR-compliant Indirect Cost Rate (ICR) and/or have never “certified” their accounting system and timekeeping system by signing the Consultant Services Office (CSO) form or an hourly rate statement. Please go to the following link for examples of the certified forms:

http://www.wsdot.wa.gov/NR/rdonlyres/13974273-5DCE-44A7-A0B5-29D3509F25B3/0/Safe_Harbor_FAQ.pdf

To start the Safe Harbor Program process, a firm will need to complete the following steps:

- ☐ Watch the **Basic Timekeeping Webinar** at the following link: <http://www.wsdot.wa.gov/Audit/guides.htm>.
- ☐ Review the Safe Harbor information (including **Pathway to Compliance**) on our website at the following link: <http://www.wsdot.wa.gov/Audit/SafeHarbor.htm>.

Once the previous steps have been completed, a firm will need to gather and submit the following documents to WSDOT Audit Office:

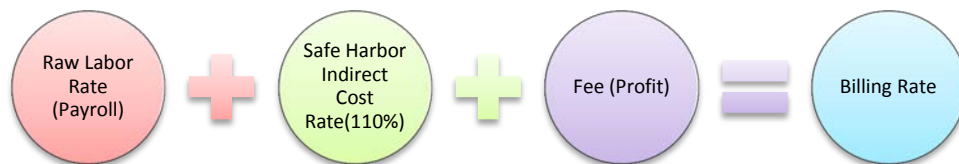
- ☐ Completed **Consultant Timesheet & Labor Charging System Checklist** to the best of your knowledge.
- ☐ Completed **Consultant Information Sheet**.
- ☐ Completed **Safe Harbor Certification Indirect Cost Rate Form**.
- ☐ Please contact the WSDOT Audit Office to determine what you should provide for the following:
 - Representative sampling of timesheets
 - Employee payroll register and/or proof of draws (depending on business structure)

The documents and information stated above can be found on the Safe Harbor FAQs at the following link:

http://www.wsdot.wa.gov/NR/rdonlyres/13974273-5DCE-44A7-A0B5-29D3509F25B3/0/Safe_Harbor_FAQ.pdf

How does the Safe Harbor Rate fit into the overall billing rate?

Example:



| | Safe Harbor | | | |
|--------------------|-------------|---------------|----------|----------|
| | Raw Labor | Indirect Cost | Fee | |
| | Rate | Rate | (Profit) | Billing |
| Job Classification | Rate | 110% | 20% | Rate |
| Principal | \$45.00 | \$49.50 | \$9.00 | \$103.50 |

Raw Labor Rate – The rate is supported by payroll records, or owner draws in some instances. For small/new firms who do not have an established payroll this may be negotiated during contracting.

Indirect Cost Rate – The Safe Harbor Rate is 110%, this is not subject to audit. The amount is calculated by multiplying the raw labor rate by 110%.

Fee (Profit) – This is negotiable; it is part of the contract negotiations. The amount is calculated by multiplying the raw labor rate and the fee percentage.

Billing Rate – This is the hourly rate billed on the invoice. The amount is calculated by adding the raw labor rate plus indirect cost rate plus fee.